Claims

What is claimed is:

1. A process for International Investors in Fixed Income Securities (Bonds) To Use A Futures Market Hedge To Reduce Foreign Exchange Risk comprising the steps of:

- Foreign investor converts local currency to U.S. Dollar;
- Foreign investor purchases U.S. bonds from a securities broker-dealer;
- Investor recognizes the U.S. dollar depreciation risk;
- The investor (using the collateral of his bond porfolio) establishes a futures hedge position at an FCM on the investor's home currency, e.g. Japanese yen;
- The hedge is put in place against the depreciation of the U.S. dollar value of the bond portfolio; and uses the Futures Markets instead of the Inter-Bank to hedge the foreign exchange risk.